

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Global Reseller Expedited Package Contracts 2  
(MC2013-51)  
Negotiated Service Agreement

Docket No. CP2020-175

PUBLIC REPRESENTATIVE COMMENTS ON  
POSTAL SERVICE NOTICE CONCERNING FILING OF  
A FUNCTIONALLY EQUIVALENT GLOBAL RESELLER  
EXPEDITED PACKAGE 2 NEGOTIATED SERVICE AGREEMENT

(June 19, 2020)

The Public Representative hereby provides comments pursuant to the Commission's Notice initiating this docket.<sup>1</sup> In that Order, the Commission established the above referenced docket to receive comments from interested persons on a Postal Service Request to enter into an additional Global Reseller Expedited Package 2 (GREP) Contract.<sup>2</sup>

Prices and classifications not of general applicability for GREP contracts were previously established by Governors' Decision No. 10-1, issued March 24, 2010<sup>3</sup> and more recently by Governors Decision No. 19-1.<sup>4</sup> In Order No. 1746, Commission approved the addition of the GREP Contracts 2 product (MC2013-51) to the competitive

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<sup>1</sup> PRC Notice Initiating Docket No. CP2020-175, June 12, 2020.

<sup>2</sup> Notice of United States Postal Service of Filing a Functionally Equivalent Global Reseller Expedited Package 2 Negotiated Service Agreement, June 11, 2020 (Notice).

<sup>3</sup> See Request of the United States Postal Service to Add Global Reseller Expedited Package Contracts to the Competitive Products List and Notice of Filing (Under Seal) of Contract and Enabling Governors' Decision, Docket Nos. MC2010-21 and CP2010-36, March 29, 2010 (Request).

<sup>4</sup> Decision of the Governors of the United States Postal Service on Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, February 7, 2019, (Governors' Decision No. 19-1).

products list, and included a GREP Contracts 2 contract (CP2013-64) designated as a baseline agreement within the product.<sup>5</sup>

The Postal Service asserts that the instant GREP 2 Contract is functionally equivalent to the GREP 2 baseline agreement with differences in effective dates and non-substantive changes to language for practicality or clarity purposes. The Postal Service therefore requests that the instant GREP 2 Contract be included within the GREP 2 Contracts product. Notice at 3. The Postal Service states that this contract will go into effect on July 1, 2020 and remain in effect pursuant to the terms of Article 11, unless terminated earlier pursuant to Articles 12, 13, or 35. *Id.*

## COMMENTS

The Public Representative has reviewed the Postal Service's Notice, the instant GREP 2 contract and the supporting financial model filed under seal that accompanied the Notice. Based upon that review, the Public Representative recommends the approval of the instant contract and concludes that the instant contract is functionally equivalent to the baseline agreement. In addition, it appears the negotiated prices in the instant contract should generate sufficient revenues to cover costs.

*Requirements of 39 U.S.C. § 3633.* 39 U.S.C. § 3633 requires that prices for competitive products must cover each product's attributable costs, not result in the subsidization of competitive products by market dominant products, and enable competitive products as a whole to contribute an appropriate share to the institutional costs of the Postal Service. In addition, the Commission requires that each contract included within a GREP product must cover its attributable costs.<sup>6</sup>

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<sup>5</sup> PRC Order No. 5487, Order Approving Additional Global Reseller Expedited Package Contracts 2 Negotiated Service Agreement, Docket Nos. MC2013-51 and CP2013-64, June 13, 2013.

<sup>6</sup> Section 2510.7.1(d) of the draft Mail Classification Schedule, posted January 27, 2014, and updated through July 31, 2014.

The Postal Service's financial model indicates that the negotiated prices in the instant contract should generate sufficient revenues to cover costs and the addition of the instant contract to the product should also satisfy 39 U.S.C. § 3633.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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